

HOUSE BILL No. 1621

DIGEST OF INTRODUCED BILL

Citations Affected: IC 20-18-2-23; IC 20-25-16-1; IC 20-26; IC 20-33-5; IC 20-40-16; IC 20-41; IC 20-42-3-10; IC 20-43.

Synopsis: Elimination of textbook rental program. Abolishes the textbook rental program for public school students. Expands the definition of "textbook" to include materials used in student instruction. Requires school corporations to establish and appropriate money from a textbook fund to purchase all needed textbooks for loan without charge to corporation students. Provides an annual state textbook grant equal to \$95 multiplied by the average daily membership of a school corporation. Requires the deposit of grant funds in the textbook fund.

Effective: July 1, 2007.

Oxley, Pelath

January 23, 2007, read first time and referred to Committee on Education.

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First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

HOUSE BILL No. 1621

A BILL FOR AN ACT to amend the Indiana Code concerning education finance.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 20-18-2-23, AS ADDED BY P.L.1-2005,
2 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2007]: Sec. 23. (a) "Textbook" means systematically
4 organized material designed to provide a specific level of instruction
5 in a subject matter category.

6 **(b) The term includes the following:**

7 **(1) Instructional materials that are used by students for more**
8 **than one (1) year, including materials used in special**
9 **education and gifted and talented classes.**

10 **(2) Workbooks and consumable instructional materials that**
11 **are used by students for not more than one (1) school year,**
12 **including workbooks, consumable textbooks, and other**
13 **consumable instructional materials that are used in special**
14 **education and gifted and talented classes.**

15 **(3) Developmentally appropriate materials used:**

16 **(A) for instruction in kindergarten through grade 3,**
17 **laboratories, and children's literature programs; and**



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(B) instead of items described in subdivisions (1) and (2).

SECTION 2. IC 20-25-16-1, AS AMENDED BY P.L.2-2006,
SECTION 116, IS AMENDED TO READ AS FOLLOWS
[EFFECTIVE JULY 1, 2007]: Sec. 1. To provide the board with the
necessary flexibility and resources to carry out this article, the
following apply:

(1) The board may:

(A) eliminate or modify existing policies;

(B) create new policies; and

(C) alter policies;

subject to this article and the plan developed under IC 20-25-10.

(2) IC 20-29 applies to the school city, except for the provision of
IC 20-29-6-7(a) that requires any items included in the 1972-1973
agreements between an employer school corporation and an
employee organization to continue to be bargainable.

(3) The board may waive the following statutes and rules for any
school in the school city without administrative, regulatory, or
legislative approval:

(A) The following rules concerning curriculum and
instructional time:

511 IAC 6.1-3-4

511 IAC 6.1-5-0.5

511 IAC 6.1-5-1

511 IAC 6.1-5-2.5

511 IAC 6.1-5-3.5

511 IAC 6.1-5-4.

(B) 511 IAC 6.1-4-1 concerning student/teacher ratios.

(C) The following statutes and rules concerning textbooks and
rules adopted under the statutes:

IC 20-20-5-1 through IC 20-20-5-4

IC 20-20-5-23

IC 20-26-12-1

IC 20-26-12-2

IC 20-26-12-24

~~IC 20-26-12-26~~

IC 20-26-12-28

511 IAC 6.1-5-5.

(D) 511 IAC 6.1-4-2 concerning school principals.

(4) Notwithstanding any other law, a school city may do the
following:

(A) Lease school transportation equipment to others for
nonschool use when the equipment is not in use for a school

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city purpose.

(B) Establish a professional development and technology fund to be used for:

(i) professional development; or

(ii) technology, including video distance learning.

(C) Transfer funds obtained from sources other than state or local government taxation to any account of the school corporation, including a professional development and technology fund established under clause (B).

(5) Transfer funds obtained from property taxation to the general fund and the school transportation fund, subject to the following:

(A) The sum of the property tax rates for the general fund and the school transportation fund after a transfer occurs under this subdivision may not exceed the sum of the property tax rates for the general fund and the school transportation fund before a transfer occurs under this subdivision.

(B) This subdivision does not allow a school corporation to transfer to any other fund money from the debt service fund.

SECTION 3. IC 20-26-5-4, AS AMENDED BY P.L.168-2006, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. In carrying out the school purposes of a school corporation, the governing body acting on the school corporation's behalf has the following specific powers:

(1) In the name of the school corporation, to sue and be sued and to enter into contracts in matters permitted by applicable law.

(2) To take charge of, manage, and conduct the educational affairs of the school corporation and to establish, locate, and provide the necessary schools, school libraries, other libraries where permitted by law, other buildings, facilities, property, and equipment.

(3) To appropriate from the school corporation's general fund an amount, not to exceed the greater of three thousand dollars (\$3,000) per budget year or one dollar (\$1) per pupil, not to exceed twelve thousand five hundred dollars (\$12,500), based on the school corporation's previous year's ADM, to promote the best interests of the school corporation through:

(A) the purchase of meals, decorations, memorabilia, or awards;

(B) provision for expenses incurred in interviewing job applicants; or

(C) developing relations with other governmental units.

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(A) Acquire, construct, erect, maintain, hold, and contract for construction, erection, or maintenance of real estate, real estate improvements, or an interest in real estate or real estate improvements, as the governing body considers necessary for school purposes, including buildings, parts of buildings, additions to buildings, rooms, gymnasiums, auditoriums, playgrounds, playing and athletic fields, facilities for physical training, buildings for administrative, office, warehouse, repair activities, or housing school owned buses, landscaping, walks, drives, parking areas, roadways, easements and facilities for power, sewer, water, roadway, access, storm and surface water, drinking water, gas, electricity, other utilities and similar purposes, by purchase, either outright for cash (or under conditional sales or purchase money contracts providing for a retention of a security interest by the seller until payment is made or by notes where the contract, security retention, or note is permitted by applicable law), by exchange, by gift, by devise, by eminent domain, by lease with or without option to purchase, or by lease under IC 20-47-2, IC 20-47-3, or IC 20-47-5.

(B) Repair, remodel, remove, or demolish, or to contract for the repair, remodeling, removal, or demolition of the real estate, real estate improvements, or interest in the real estate or real estate improvements, as the governing body considers necessary for school purposes.

(C) Provide for conservation measures through utility efficiency programs or under a guaranteed savings contract as described in IC 36-1-12.5.

(5) To acquire personal property or an interest in personal property as the governing body considers necessary for school purposes, including buses, motor vehicles, equipment, apparatus, appliances, books, furniture, and supplies, either by cash purchase or under conditional sales or purchase money contracts providing for a security interest by the seller until payment is made or by notes where the contract, security, retention, or note is permitted by applicable law, by gift, by devise, by loan, or by lease with or without option to purchase and to repair, remodel, remove, relocate, and demolish the personal property. All purchases and contracts specified under the powers authorized under subdivision (4) and this subdivision are subject solely to applicable law relating to purchases and contracting by municipal corporations in general and to the supervisory control of state agencies as

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provided in section 6 of this chapter.

(6) To sell or exchange real or personal property or interest in real or personal property that, in the opinion of the governing body, is not necessary for school purposes, in accordance with IC 20-26-7, to demolish or otherwise dispose of the property if, in the opinion of the governing body, the property is not necessary for school purposes and is worthless, and to pay the expenses for the demolition or disposition.

(7) To lease any school property for a rental that the governing body considers reasonable or to permit the free use of school property for:

(A) civic or public purposes; or

(B) the operation of a school age child care program for children who are at least five (5) years of age and less than fifteen (15) years of age that operates before or after the school day, or both, and during periods when school is not in session; if the property is not needed for school purposes. Under this subdivision, the governing body may enter into a long term lease with a nonprofit corporation, community service organization, or other governmental entity, if the corporation, organization, or other governmental entity will use the property to be leased for civic or public purposes or for a school age child care program. However, if payment for the property subject to a long term lease is made from money in the school corporation's debt service fund, all proceeds from the long term lease must be deposited in the school corporation's debt service fund so long as payment for the property has not been made. The governing body may, at the governing body's option, use the procedure specified in IC 36-1-11-10 in leasing property under this subdivision.

(8) To:

(A) Employ, contract for, and discharge superintendents, supervisors, principals, teachers, librarians, athletic coaches (whether or not they are otherwise employed by the school corporation and whether or not they are licensed under IC 20-28-5), business managers, superintendents of buildings and grounds, janitors, engineers, architects, physicians, dentists, nurses, accountants, teacher aides performing noninstructional duties, educational and other professional consultants, data processing and computer service for school purposes, including the making of schedules, the keeping and analyzing of grades and other student data, the keeping and preparing of warrants, payroll, and similar data where

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1 approved by the state board of accounts as provided below,
2 and other personnel or services as the governing body
3 considers necessary for school purposes.

4 (B) Fix and pay the salaries and compensation of persons and
5 services described in this subdivision.

6 (C) Classify persons or services described in this subdivision
7 and to adopt schedules of salaries or compensation.

8 (D) Determine the number of the persons or the amount of the
9 services employed or contracted for as provided in this
10 subdivision.

11 (E) Determine the nature and extent of the duties of the
12 persons described in this subdivision.

13 The compensation, terms of employment, and discharge of
14 teachers are, however, subject to and governed by the laws
15 relating to employment, contracting, compensation, and discharge
16 of teachers. The compensation, terms of employment, and
17 discharge of bus drivers are subject to and governed by laws
18 relating to employment, contracting, compensation, and discharge
19 of bus drivers. The forms and procedures relating to the use of
20 computer and data processing equipment in handling the financial
21 affairs of the school corporation must be submitted to the state
22 board of accounts for approval so that the services are used by the
23 school corporation when the governing body determines that it is
24 in the best interest of the school corporation while at the same
25 time providing reasonable accountability for the funds expended.

26 (9) Notwithstanding the appropriation limitation in subdivision
27 (3), when the governing body by resolution considers a trip by an
28 employee of the school corporation or by a member of the
29 governing body to be in the interest of the school corporation,
30 including attending meetings, conferences, or examining
31 equipment, buildings, and installation in other areas, to permit the
32 employee to be absent in connection with the trip without any loss
33 in pay and to reimburse the employee or the member the
34 employee's or member's reasonable lodging and meal expenses
35 and necessary transportation expenses. To pay teaching personnel
36 for time spent in sponsoring and working with school related trips
37 or activities.

38 (10) To transport children to and from school, when in the
39 opinion of the governing body the transportation is necessary,
40 including considerations for the safety of the children and without
41 regard to the distance the children live from the school. The
42 transportation must be otherwise in accordance with applicable

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1 law.

2 (11) To provide a lunch program for a part or all of the students
3 attending the schools of the school corporation, including the
4 establishment of kitchens, kitchen facilities, kitchen equipment,
5 lunch rooms, the hiring of the necessary personnel to operate the
6 lunch program, and the purchase of material and supplies for the
7 lunch program, charging students for the operational costs of the
8 lunch program, fixing the price per meal or per food item. To
9 operate the lunch program as an extracurricular activity, subject
10 to the supervision of the governing body. To participate in a
11 surplus commodity or lunch aid program.

12 (12) To purchase textbooks **and** to furnish textbooks without cost
13 ~~or to rent textbooks to students; to participate in a textbook aid~~
14 ~~program; all~~ in accordance with applicable law.

15 (13) To accept students transferred from other school corporations
16 and to transfer students to other school corporations in accordance
17 with applicable law.

18 (14) To make budgets, to appropriate funds, and to disburse the
19 money of the school corporation in accordance with applicable
20 law. To borrow money against current tax collections and
21 otherwise to borrow money, in accordance with IC 20-48-1.

22 (15) To purchase insurance or to establish and maintain a
23 program of self-insurance relating to the liability of the school
24 corporation or the school corporation's employees in connection
25 with motor vehicles or property and for additional coverage to the
26 extent permitted and in accordance with IC 34-13-3-20. To
27 purchase additional insurance or to establish and maintain a
28 program of self-insurance protecting the school corporation and
29 members of the governing body, employees, contractors, or agents
30 of the school corporation from liability, risk, accident, or loss
31 related to school property, school contract, school or school
32 related activity, including the purchase of insurance or the
33 establishment and maintenance of a self-insurance program
34 protecting persons described in this subdivision against false
35 imprisonment, false arrest, libel, or slander for acts committed in
36 the course of the persons' employment, protecting the school
37 corporation for fire and extended coverage and other casualty
38 risks to the extent of replacement cost, loss of use, and other
39 insurable risks relating to property owned, leased, or held by the
40 school corporation. To:

41 (A) participate in a state employee health plan under
42 IC 5-10-8-6.6;

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- 1 (B) purchase insurance; or
 2 (C) establish and maintain a program of self-insurance;
 3 to benefit school corporation employees, including accident,
 4 sickness, health, or dental coverage, provided that a plan of
 5 self-insurance must include an aggregate stop-loss provision.
 6 (16) To make all applications, to enter into all contracts, and to
 7 sign all documents necessary for the receipt of aid, money, or
 8 property from the state, the federal government, or from any other
 9 source.
 10 (17) To defend a member of the governing body or any employee
 11 of the school corporation in any suit arising out of the
 12 performance of the member's or employee's duties for or
 13 employment with, the school corporation, if the governing body
 14 by resolution determined that the action was taken in good faith.
 15 To save any member or employee harmless from any liability,
 16 cost, or damage in connection with the performance, including the
 17 payment of legal fees, except where the liability, cost, or damage
 18 is predicated on or arises out of the bad faith of the member or
 19 employee, or is a claim or judgment based on the member's or
 20 employee's malfeasance in office or employment.
 21 (18) To prepare, make, enforce, amend, or repeal rules,
 22 regulations, and procedures:
 23 (A) for the government and management of the schools,
 24 property, facilities, and activities of the school corporation, the
 25 school corporation's agents, employees, and pupils and for the
 26 operation of the governing body; and
 27 (B) that may be designated by an appropriate title such as
 28 "policy handbook", "bylaws", or "rules and regulations".
 29 (19) To ratify and approve any action taken by a member of the
 30 governing body, an officer of the governing body, or an employee
 31 of the school corporation after the action is taken, if the action
 32 could have been approved in advance, and in connection with the
 33 action to pay the expense or compensation permitted under
 34 IC 20-26-1 through IC 20-26-5, IC 20-26-7, IC 20-40-12, and
 35 IC 20-48-1 or any other law.
 36 (20) To exercise any other power and make any expenditure in
 37 carrying out the governing body's general powers and purposes
 38 provided in this chapter or in carrying out the powers delineated
 39 in this section which is reasonable from a business or educational
 40 standpoint in carrying out school purposes of the school
 41 corporation, including the acquisition of property or the
 42 employment or contracting for services, even though the power or

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expenditure is not specifically set out in this chapter. The specific powers set out in this section do not limit the general grant of powers provided in this chapter except where a limitation is set out in IC 20-26-1 through IC 20-26-5, IC 20-26-7, IC 20-40-12, and IC 20-48-1 by specific language or by reference to other law.

SECTION 4. IC 20-26-12-1, AS ADDED BY P.L.1-2005, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) Except as provided in ~~subsections~~ **subsection (b) and (c)** and notwithstanding any other law, each governing body shall purchase from a contracting publisher, at a price equal to or less than the net contract price, the textbooks adopted by the state board and selected by the proper local officials. ~~and shall rent these textbooks to each student enrolled in a public school that is:~~

(1) ~~in compliance with the minimum certification standards of the board; and~~

(2) ~~located within the attendance unit served by the governing body.~~

(b) This section does not prohibit the purchase of textbooks at the option of a student or the providing of free textbooks by the governing body under sections 6 through 21 of this chapter.

(c) (b) This section does not prohibit a governing body from suspending the operation of this section under a contract entered into under IC 20-26-15.

SECTION 5. IC 20-26-12-2, AS ADDED BY P.L.1-2005, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) A governing body may purchase from a contracting publisher, at a price equal to or less than the net contract price, any textbook adopted by the state board and selected by the proper local officials **to carry out section 16 of this chapter.**

(b) **In addition to textbooks purchased under subsection (a),** the governing body may **purchase sufficient textbooks to rent these textbooks** to students enrolled in any ~~public or nonpublic~~ school that is:

(1) in compliance with the minimum certification standards of the state board; and

(2) located within the attendance unit served by the governing body.

The annual rental rate may not exceed twenty-five percent (25%) of the retail price of the textbooks.

(b) (c) Notwithstanding subsection (a), (b), the governing body may not assess a rental fee **to a nonpublic school** of more than fifteen percent (15%) of the retail price of a textbook that has been:

(1) adopted for usage by students under IC 20-20-5;

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- (2) extended for usage by students under IC 20-20-5-2; and
 (3) paid for through ~~rental fees previously collected~~; **textbook grants under IC 20-43-10-3.**

~~(c)~~ **(d)** This section does not limit other laws.

SECTION 6. IC 20-26-12-6, AS ADDED BY P.L.1-2005, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. ~~(a) Sections 7 through 21 of this chapter apply to elementary and high school libraries that contain free textbooks. The textbooks must be adopted by the board and selected by the proper local officials.~~

~~(b)~~ As used in sections ~~6~~ 7 through 21 of this chapter, "resident student" means a student enrolled in any of the grades in any school located in a school corporation, whether the student resides there or is transferred there for school purposes.

SECTION 7. IC 20-26-12-13, AS ADDED BY P.L.1-2005, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 13. ~~If a sufficient petition is filed under section 11 of this chapter, a~~ **The governing body shall note on the records of the governing body's a school corporation that by filing the petition the school corporation must shall** maintain:

- (1) an elementary school library containing textbooks in sufficient numbers to meet the needs of every resident student in each of the first eight (8) grades of each elementary school located within the school corporation; or
- (2) a high school library containing textbooks in sufficient numbers to meet the needs of every resident student in each of the four (4) grades of each high school located within the school corporation;

as applicable.

SECTION 8. IC 20-26-12-15, AS ADDED BY P.L.231-2005, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 15. ~~(a) A governing body shall requisition the necessary textbooks from the contracting publishers approved by the state board. The contracting publisher shall ship the textbooks to the governing body not more than ninety (90) days after the requisition. On receipt of the textbooks, the governing body's school corporation has custody of the textbooks. The governing body shall provide a receipt to the contracting publisher and reimburse the contracting publisher the amount owed by the school corporation appropriate the money necessary to purchase textbooks for a library under section 13 of this chapter from the school corporation's general textbook fund.~~

~~(b) A governing body shall purchase textbooks:~~

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- (1) from a resident student who presents the textbooks for sale on or before the beginning of the school term in which the books are to be used;
- (2) with money from the school corporation's general fund; and
- (3) at a price based on the original price to the school corporation minus a reasonable reduction for damage from usage.

SECTION 9. IC 20-26-12-16, AS ADDED BY P.L.1-2005, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 16. ~~Upon receipt of the textbooks,~~ A governing body shall loan ~~the all~~ textbooks **used by the school corporation** at no charge to each resident student. Library textbooks are available to each resident student under this chapter and under regulations prescribed by the superintendent and governing body of the school corporation.

SECTION 10. IC 20-26-12-17, AS ADDED BY P.L.1-2005, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 17. (a) If a student transfers to a school corporation other than the one in which the student resides under IC 20-26-11, the governing body of the school corporation to which the student transfers shall purchase a sufficient supply of books for the transferred student.

(b) ~~In the annual settlement between the school corporations for tuition of transferred students, the amounts must include rental of the books furnished to the transferred students. The state board shall determine the rental rate.~~

SECTION 11. IC 20-26-12-22, AS ADDED BY P.L.1-2005, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 22. If a school corporation purchases textbooks on a time basis:

- (1) the schedule for payments shall coincide with ~~student payments~~ **distributions under IC 20-43-10-3** to the school corporation for ~~textbook rental; textbooks;~~ and
- (2) the schedule must not require the school corporation to assume a greater burden than payment of twenty-five percent (25%) within thirty (30) days after the beginning of the school year immediately following delivery by the contracting publisher with the school corporation's promissory note evidencing the unpaid balance.

SECTION 12. IC 20-26-12-23, AS ADDED BY P.L.1-2005, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 23. (a) A school corporation may:

- (1) borrow money to buy textbooks; and
- (2) issue notes, maturing serially in not more than six (6) years

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and payable from its ~~general~~ **textbook** fund, to secure the loan.
 However, when an adoption is made by the state board for less than six
 (6) years, the period for which the notes may be issued is limited to the
 period for which that adoption is effective.

(b) Notwithstanding subsection (a), a school township may not
 borrow money to purchase textbooks unless a petition requesting such
 an action and bearing the signatures of twenty-five percent (25%) of
 the resident taxpayers of the school township has been presented to and
 approved by the township trustee and township board.

SECTION 13. IC 20-26-15-5, AS ADDED BY P.L.1-2005,
 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 JULY 1, 2007]: Sec. 5. Notwithstanding any other law, the operation
 of the following is suspended for a freeway school corporation or a
 freeway school if the governing body of the school corporation elects
 to have the specific statute or rule suspended in the contract:

(1) The following statutes and rules concerning curriculum and
 instructional time:

IC 20-30-2-7

IC 20-30-5-8

IC 20-30-5-9

IC 20-30-5-11

511 IAC 6-7-6

511 IAC 6.1-3-4

511 IAC 6.1-5-0.5

511 IAC 6.1-5-1

511 IAC 6.1-5-2.5

511 IAC 6.1-5-3.5

511 IAC 6.1-5-4.

(2) The following rule concerning pupil/teacher ratios:

511 IAC 6.1-4-1.

(3) The following statutes and rules concerning textbooks:

IC 20-20-5-1 through IC 20-20-5-4

IC 20-20-5-23

IC 20-26-12-24

~~IC 20-26-12-26~~

IC 20-26-12-28

IC 20-26-12-1

IC 20-26-12-2

511 IAC 6.1-5-5.

(4) 511 IAC 6-7, concerning graduation requirements.

(5) IC 20-31-4, concerning the performance based accreditation
 system.

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(6) IC 20-32-5, concerning the ISTEP program established under IC 20-32-5-15, if an alternative locally adopted assessment program is adopted under section 6(7) of this chapter.

SECTION 14. IC 20-33-5-3, AS ADDED BY P.L.1-2005, SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. ~~(a)~~ If a parent of a child or an emancipated minor who is enrolled in a public school, in kindergarten or grades 1 through 12, meets the financial eligibility standard under section 2 of this chapter, the parent or the emancipated minor may not be required to pay ~~the fees for school books, supplies, or other~~ required class fees. The fees shall be paid by the school corporation that the child attends.

~~(b) The school corporation may apply for a reimbursement under section 7 of this chapter from the department of the costs incurred under subsection (a).~~

~~(c) To the extent the reimbursement received by the school corporation is less than the textbook rental fee assessed for textbooks that have been adopted under IC 20-20-5-1 through IC 20-20-5-4 or waived under IC 20-26-12-28, the school corporation may request that the parent or emancipated minor pay the balance of this amount.~~

SECTION 15. IC 20-33-5-9, AS ADDED BY P.L.1-2005, SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) If a parent of a child or an emancipated minor who is enrolled in an accredited nonpublic school meets the financial eligibility standard under section 2 of this chapter, the parent or the emancipated minor may receive a reimbursement from the department ~~as provided in this chapter~~ for the costs or some of the costs incurred by the parent or emancipated minor in fees that are reimbursable under section 7 of this chapter. ~~The extent to which the fees are reimbursable under this section may not exceed the percentage rates of reimbursement under section 7 of this chapter.~~ **subject to the reimbursement limitations imposed under subsection (g).** In addition, if a child enrolls in an accredited nonpublic school after the initial request for reimbursement is filed, ~~under subsection (d);~~ the parent of the child or the emancipated minor who meets the financial eligibility standard **under section 2 of this chapter** may receive a reimbursement from the department for the costs or some of the costs incurred in fees that are ~~reimbursable under section 7 of this chapter~~ **subject to the reimbursement limitations imposed under subsection (g)** by applying to the accredited nonpublic school for assistance. In this case, this section applies. However, section 10 of this chapter applies to the making of the supplemental request for reimbursement by the principal or other designee of the accredited nonpublic school.

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(b) The department shall provide each accredited nonpublic school with sufficient application forms for assistance, prescribed by the state board of accounts.

(c) Each accredited nonpublic school shall provide the parents or emancipated minors who wish to apply for assistance with:

(1) the appropriate application forms; and

(2) any assistance needed in completing the application form.

(d) The parent or emancipated minor shall submit the application to the accredited nonpublic school. The accredited nonpublic school shall make a determination of financial eligibility subject to appeal by the parent or emancipated minor.

(e) If a determination is made that the applicant is eligible for assistance, subsection (a) applies.

(f) To be guaranteed some level of reimbursement from the department, the principal or other designee shall submit the reimbursement request before November 1 of a school year.

(g) In its request, the principal or other designee shall certify to the department:

(1) the number of students who are enrolled in the accredited nonpublic school and who are eligible for assistance under this chapter;

(2) the costs incurred in providing:

(A) textbooks (including textbooks used in special education and high ability classes); and

(B) workbooks and consumable textbooks (including workbooks, consumable textbooks, and other consumable teaching materials that are used in special education and high ability classes) that are used by students for not more than one

(1) school year;

(3) that each textbook described in subdivision (2)(A) and included in the reimbursement request (except those textbooks used in special education classes and high ability classes) has been adopted by the state board under IC 20-20-5-1 through 20-20-5-4 or has been waived by the state board of education under IC 20-26-12-28;

(4) that the amount of reimbursement requested for each textbook under subdivision (3) does not exceed twenty percent (20%) of the costs incurred for the textbook, as provided in the textbook adoption list in each year of the adoption cycle;

(5) that the amount of reimbursement requested for each workbook or consumable textbook (or other consumable teaching material used in special education and high ability classes) under

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subdivision (2)(B), if applicable, does not exceed one hundred percent (100%) of the costs incurred for the workbook or consumable textbook (or other consumable teaching material used in special education and high ability classes);

(6) that the amount of reimbursement requested for each textbook used in special education and high ability classes is amortized for the number of years in which the textbook is used; and

(7) any other information required by the department, including copies of purchase orders used to acquire consumable teaching materials used in special education and high ability classes.

(h) If the amount of reimbursement requested before November 1 of a particular school year exceeds the amount of money appropriated to the department for this purpose, the department shall proportionately reduce the amount of reimbursement to each accredited nonpublic school. An accredited nonpublic school may submit a supplemental reimbursement request under section 10 of this chapter. The parent or emancipated minor is entitled to receive a supplemental reimbursement only if funds are available. The department shall proportionately reduce the amount of supplemental reimbursement to the accredited nonpublic schools if the amount requested exceeds the amount of money available to the department for this purpose.

(i) The accredited nonpublic school shall distribute the money received under this chapter to the appropriate eligible parents or emancipated minors.

~~(j) Section 7(h) of this chapter applies to parents or emancipated minors as described in this section.~~

(j) A parent receiving other governmental assistance or aid that considers educational needs in determining the entire amount of assistance granted may not be denied assistance if the applicant's total family income does not exceed the standards established by this chapter.

(k) The accredited nonpublic school and the department shall maintain complete and accurate information concerning the number of applicants determined to be eligible for assistance under this section.

(l) The state board shall adopt rules under IC 4-22-2 to implement this section.

SECTION 16. IC 20-33-5-10, AS ADDED BY P.L.1-2005, SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. (a) The principal or other designee of an accredited nonpublic school may make a supplemental request for reimbursement from the department after April 1 but before May 1 of a school year for some or all of the additional costs incurred in fees that

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are ~~reimbursable under section 7~~ **subject to the reimbursement limitations of section 9(g)** of this chapter by the parent of a child or emancipated minor who enrolls in the accredited nonpublic school after the initial request for reimbursement is filed under section 9(f) of this chapter.

(b) In its supplemental request, the principal or other designee must certify to the department the following:

(1) The number of additional students who enrolled in the accredited nonpublic school as described in subsection (a).

(2) The costs incurred in providing the materials described in section 9(g)(2) of this chapter pertaining to the number of additional students.

(3) The same information as described in section 9(g)(3) through 9(g)(7) of this chapter as pertaining to the number of additional students.

(c) This section applies only if there are funds available. These supplemental distributions shall be made by the department in accordance with section 9(h) of this chapter.

SECTION 17. IC 20-33-5-12, AS ADDED BY P.L.1-2005, SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 12. Under extraordinary circumstances, the township trustee may pay for the fees ~~enumerated in section 3 of this chapter for supplies or other required class fees~~ for individuals who ~~do not otherwise qualify under the financial eligibility standard established in this chapter.~~ **are enrolled in a school corporation.** Assistance in such cases may be provided by the township trustee under IC 12-20.

SECTION 18. IC 20-33-5-14, AS ADDED BY P.L.1-2005, SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 14. (a) The school textbook reimbursement contingency fund is established to reimburse ~~school corporations,~~ eligible parents of children who attend accredited nonpublic schools and emancipated minors who attend accredited nonpublic schools as provided in section 9 of this chapter for assistance provided under this chapter. The fund consists of money appropriated to the fund by the general assembly. The state superintendent shall administer the fund.

(b) The treasurer of state shall invest the money in the school textbook reimbursement contingency fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested.

SECTION 19. IC 20-40-16 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE

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JULY 1, 2007]:

Chapter 16. Textbook Fund

Sec. 1. As used in this chapter, "fund" refers to a textbook fund established under section 3 of this chapter.

Sec. 2. As used in this chapter, "textbook" has the meaning set forth in IC 20-18-2-23.

Sec. 3. A school corporation shall establish and administer a textbook fund.

Sec. 4. Money in the fund may be used only for the following purposes:

(1) Repaying interest and principal on loans obtained under IC 20-26-12-23 to purchase textbooks.

(2) Purchasing, repairing, or storing textbooks distributed to students under IC 20-26-12.

Sec. 5. A school corporation shall deposit distributions under IC 20-43-10-3 in the textbook fund.

Sec. 6. Money in the fund at the end of a school year does not revert to the school general fund.

SECTION 20. IC 20-41-1-2, AS ADDED BY P.L.2-2006, SECTION 164, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. Any self-supporting programs maintained by a school corporation, including

~~(1) school lunch, and~~

~~(2) rental or sale of textbooks;~~

may be established as separate funds, separate and apart from the general fund, if no local tax rate is established for the programs.

SECTION 21. IC 20-41-2-3, AS ADDED BY P.L.2-2006, SECTION 164, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) If a school lunch fund is established under section 1 of this chapter, ~~or a textbook rental fund is established under section 2 of this chapter;~~ the receipts and expenditures for ~~each~~ **the school lunch** program shall be made to and from the ~~proper~~ **school lunch** fund without appropriation or the application of other laws relating to the budgets of local governmental units.

(b) If ~~either a school lunch program or both programs under sections 1 and 2 of this chapter are~~ **is** operated through the extracurricular account, the township trustee shall approve the amount of the bond of the treasurer of the extracurricular account in an amount the township trustee considers necessary to protect the account for all funds coming into the hands of the treasurer.

SECTION 22. IC 20-41-2-6, AS ADDED BY P.L.2-2006,

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SECTION 164, IS AMENDED TO READ AS FOLLOWS
 [EFFECTIVE JULY 1, 2007]: Sec. 6. (a) If a school lunch fund is
 established under section 4 of this chapter, ~~and a textbook rental fund~~
~~is established under section 5 of this chapter;~~ the receipts and
 expenditures from ~~a the fund for the program to which the fund relates~~
~~shall~~ **must** be made to and from the fund without appropriation or the
 application of other statutes and rules relating to the budgets of
 municipal corporations.

(b) If ~~either the school lunch program or textbook rental program~~ is
 handled through the extracurricular account, the governing body of the
 school corporation shall approve the amount of the bond of the
 treasurer of the extracurricular account in an amount the governing
 body considers sufficient to protect the account for all funds coming
 into the hands of the treasurer of the account.

SECTION 23. IC 20-42-3-10, AS ADDED BY P.L.2-2006,
 SECTION 165, IS AMENDED TO READ AS FOLLOWS
 [EFFECTIVE JULY 1, 2007]: Sec. 10. The trustee, with the advice and
 consent of the township board, shall use the account for the following
 educational purposes:

(1) Each year the trustee shall pay to the ~~parent or legal guardian~~
~~of school corporation in which~~ any child ~~whose having~~
 residence is within the township **is enrolled, the initial an**
amount equal to twenty-five percent (25%) of the cost for the
~~rental of textbooks used in any elementary or secondary school~~
~~that distributed under IC 20-26-12 to the student in the school~~
~~year beginning in the calendar year of the distribution under~~
~~this section if the school corporation has been accredited by the~~
~~state. The reimbursement for the rental of textbooks shall be for~~
~~the initial yearly rental charge only.~~ Textbooks subsequently lost
 or destroyed may not be paid for from this account.

(2) Students who are residents of the township for the last two (2)
 years of their secondary education and who still reside within the
 township are entitled to receive financial assistance in an amount
 not to exceed an amount determined by the trustee and the
 township board during an annual review of higher education fees
 and tuition costs of post-high school education at any accredited
 college, university, junior college, or vocational or trade school.
 Amounts to be paid to each eligible student shall be set annually
 after this review. The amount paid each year must be:

(A) equitable for every eligible student without regard to race,
 religion, creed, sex, disability, or national origin; and

(B) based on the number of students and the amount of funds

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available each year.

(3) A person who has been a permanent resident of the township continuously for at least two (2) years and who needs educational assistance for job training or retraining may apply to the trustee of the township for financial assistance. The trustee and the township board shall review each application and make assistance available according to the need of each applicant and the availability of funds.

(4) If all the available funds are not used in any one (1) year, the unused funds shall be retained in the account by the trustee for use in succeeding years.

SECTION 24. IC 20-43-2-3, AS AMENDED BY P.L.162-2006, SECTION 43, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) Except as provided in subsection (b), if the total amount to be distributed:

- (1) as basic tuition support;
- (2) for academic honors diploma awards;
- (3) for primetime distributions;
- (4) for special education grants; ~~and~~
- (5) for vocational education grants; **and**
- (6) for textbook grants;**

for a particular year exceeds the maximum state distribution for a calendar year, the amount to be distributed for state tuition support under this article to each school corporation during each of the last six (6) months of the year shall be proportionately reduced so that the total reductions equal the amount of the excess.

(b) The department of education shall distribute the full amount of tuition support to school corporations in the second six (6) months of 2006 in accordance with this article without a reduction under this section.

SECTION 25. IC 20-43-3-4, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. (a) A school corporation's previous year revenue equals the amount determined under STEP TWO of the following formula:

STEP ONE: Determine the sum of the following:

- (A) The school corporation's basic tuition support for the year that precedes the current year.
- (B) The school corporation's maximum permissible tuition support levy for the calendar year that precedes the current year, made in determining the school corporation's adjusted tuition support levy for the calendar year.

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(C) The school corporation's excise tax revenue for the year that precedes the current year by two (2) years.

STEP TWO: Subtract from the STEP ONE result an amount equal to the sum of the following:

(A) The reduction in the school corporation's state tuition support under any combination of subsection (b), subsection (c), IC 20-10.1-2-1 (before its repeal), or IC 20-30-2-4.

(B) In 2006, the amount of the school corporation's maximum permissible tuition support levy attributable to the levy transferred from the school corporation's general fund to the school corporation's referendum tax levy fund under IC 20-46-1-6.

(C) In 2008, for each school corporation that operated an elementary school library or a high school library under IC 20-26-12-6 through IC 20-26-12-21 (as effective on June 30, 2007), the amount of the school corporation's maximum permissible tuition support levy budgeted to provide free textbooks to resident students in 2007.

(b) A school corporation's previous year revenue must be reduced if:

(1) the school corporation's state tuition support for special or vocational education is reduced as a result of a complaint being filed with the department after December 31, 1988, because the school program overstated the number of children enrolled in special or vocational education programs; and

(2) the school corporation's previous year revenue has not been reduced under this subsection more than one (1) time because of a given overstatement.

The amount of the reduction equals the amount the school corporation would have received in state tuition support for special and vocational education because of the overstatement.

(c) A school corporation's previous year revenue must be reduced if an existing elementary or secondary school located in the school corporation converts to a charter school under IC 20-5.5-11 before July 1, 2005, or IC 20-24-11 after June 30, 2005. The amount of the reduction equals the product of:

(1) the sum of the amounts distributed to the conversion charter school under IC 20-5.5-7-3.5(c) and IC 20-5.5-7-3.5(d) before July 1, 2005, and IC 20-24-7-3(c) and IC 20-24-7-3(d) after June 30, 2005; multiplied by

(2) two (2).

SECTION 26. IC 20-43-10-3 IS ADDED TO THE INDIANA

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CODE AS A NEW SECTION TO READ AS FOLLOWS
[EFFECTIVE JULY 1, 2007]: **Sec. 3. (a) A school corporation's textbook grant for a calendar year is the amount equal to the school corporation's current ADM multiplied by ninety-five dollars (\$95).**

(b) The distribution received under this section shall be deposited in the school corporation's textbook fund and used only for the purposes specified in IC 20-40-16-4.

SECTION 27. THE FOLLOWING ARE REPEALED [EFFECTIVE JULY 1, 2007]: IC 20-26-12-7; IC 20-26-12-8; IC 20-26-12-9; IC 20-26-12-10; IC 20-26-12-11; IC 20-26-12-12; IC 20-26-12-14; IC 20-26-12-26; IC 20-33-5-3; IC 20-33-5-5; IC 20-33-5-7; IC 20-33-5-8.

SECTION 28. [EFFECTIVE JULY 1, 2007] **(a) A school corporation may not conduct a textbook rental program for a school year beginning after June 30, 2007.**

(b) On July 1, 2007, a school corporation shall transfer any unencumbered money in any fund or account used for textbook rental fees to the textbook fund established under IC 20-40-16, as added by this act. The money transferred under this SECTION may be used for any purpose for which other money in the textbook fund may be used.

(c) Notwithstanding IC 20-43-10-3, as added by this act, a school corporation is entitled in 2007 to only fifty percent (50%) of the amount of the textbook grant specified in IC 20-43-10-3, as added by this act, to be distributed in six (6) monthly installments.

(d) This SECTION expires January 1, 2008.

SECTION 29. [EFFECTIVE JULY 1, 2007] **(a) The department of local government finance shall reduce the:**

(1) maximum permissible ad valorem property tax levy imposed by IC 6-1.1-18.5-3; and

(2) township assistance levy;

of each township to reflect the effect of the repeal of IC 20-33-5-3 by this act on the obligation of township trustees to pay school fees under IC 20-33-5-12, as amended by this act.

(b) Any loan:

(1) obtained to purchase textbooks (as defined in IC 20-18-2-23, as amended by this act); and

(2) payable from a school general fund before July 1, 2007; shall be paid from the school textbook fund after June 30, 2007.

(c) This SECTION expires January 1, 2008.

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